



THE REPUBLIC OF THE UNION OF MYANMAR  
The Myanmar Investment Commission

PERMIT



Permit No. 865/2014

Date 10<sup>th</sup>, December 2014

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

- (a) Name of Investor/Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT, MINISTRY OF ENERGY
- (b) Citizenship MYANMAR
- (c) Address BUILDING NO. 6, NAY PYI TAW
- (d) Name and Address of Principal Organization MINISTRY OF ENERGY, BUILDING NO. 6, NAY PYI TAW
- (e) Place of incorporation BUILDING NO. 6, NAY PYI TAW
- (f) Type of Investment Business EXPLORATION & PRODUCTION OF CRUDE OIL AND NATURAL GAS
- (g) Place(s) at which investment is permitted SHALLOW WATER OFFSHORE BLOCK (YEB) TANINTHAYI OFFSHORE AREA, TANINTHAYI DIVISION
- (h) Amount of Foreign Capital US\$ 60.50 MILLION
- (i) Period for Foreign Capital brought in YEAR 2015 TO YEAR 2022
- (j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US\$ 60.50 MILLION
- (k) Construction period YEAR 2015 TO YEAR 2022
- (l) Validity of investment Permit 7 YEARS
- (m) Form of investment PRODUCTION SHARING CONTRACT
- (n) Name of Company incorporated in Myanmar OIL INDIA LIMITED & MERCATOR PETROLEUM PRIVATE LIMITED & OILMAX ENERGY PRIVATE LIMITED & OIL STAR MANAGEMENT SERVICES COMPANY LIMITED

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်  
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်  
ခွင့်ပြုမိန့်



ခွင့်ပြုမိန့်အမှတ် ၈၆၅/၂၀၁၄

၂၀၁၄ ခုနှစ် ဒီဇင်ဘာလ ၁၀ ရက်

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှုဥပဒေပုဒ်မ ၁၃၊ ပုဒ်မခွဲ (ခ) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

- (က) ရင်းနှီးမြှုပ်နှံသူ/ကမကထပြုသူအမည် ..... ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေး ဦးစီးဌာန၊ စွမ်းအင်ဝန်ကြီးဌာန
- (ခ) နိုင်ငံသား ..... မြန်မာ
- (ဂ) နေရပ်လိပ်စာ ..... ရုံးအမှတ် (၆)၊ နေပြည်တော်
- (ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ ..... စွမ်းအင်ဝန်ကြီးဌာန၊ ရုံးအမှတ် (၆)၊ နေပြည်တော်
- (င) ဖွဲ့စည်းရာအရပ် ..... ရုံးအမှတ် (၆)၊ နေပြည်တော်
- (စ) ရင်းနှီးမြှုပ်နှံသည့်လုပ်ငန်းအမျိုးအစား ..... ရေနံနှင့်သဘာဝဓါတ်ငွေ့ရှာဖွေ၊ တူးဖော်၊ ထုတ်လုပ်ရေးလုပ်ငန်း
- (ဆ) ရင်းနှီးမြှုပ်နှံသည့်အရပ်ဒေသ(များ) ..... တနင်္သာရီကမ်းလွန်ဒေသ၊ ရေတိမ်ပိုင်း လုပ်ကွက်အမှတ် (YEB) ၊ တနင်္သာရီတိုင်းဒေသကြီး
- (ဇ) နိုင်ငံခြားမတည်ငွေရင်းပမာဏ ..... အမေရိကန်ဒေါ်လာ ၆၀.၅၀ သန်း
- (ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ..... ၂၀၁၅ ခုနှစ် မှ ၂၀၂၂ ခုနှစ်အထိ
- (ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) ..... အမေရိကန်ဒေါ်လာ ၆၀.၅၀ သန်းနှင့် ညီမျှသောမြန်မာကျပ်ငွေ
- (ဋ) တည်ဆောက်မှုကာလ ..... ၂၀၁၅ ခုနှစ် မှ ၂၀၂၂ ခုနှစ်အထိ
- (ဌ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ..... ၇ နှစ်
- (ဍ) ရင်းနှီးမြှုပ်နှံမှုပုံစံ ..... PRODUCTION SHARING CONTRACT
- (ဎ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် ကုမ္ပဏီအမည်

OIL INDIA LIMITED & MERCATOR PETROLEUM PRIVATE  
LIMITED & OILMAX ENERGY PRIVATE LIMITED & OIL STAR  
MANAGEMENT SERVICES COMPANY LIMITED

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

၃.၈

**REPUBLIC OF THE UNION OF MYANMAR**  
**MYANMAR INVESTMENT COMMISSION**  
**No.(1), Thitsar Road, Yankin Township, Yangon**

Our ref : DICA-5(E)/014/ 2014( ၁၁၇ )

Tel: 95-1-658130

Date : 10<sup>th</sup> December 2014.

Fax: 95-1-658142

**Subject: Decision of the Myanmar Investment Commission on the Proposal for "Exploration and Production of Crude Oil & Natural Gas for Shallow Water Offshore Block YEB (Taninthayi Offshore Area) in Taninthayi Division" under the name of "Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited"**

**Reference:** Ministry of Energy, Letter No. 008/912/Hta (941/2014) dated (10-11-2014).

1. The Myanmar Investment Commission, at its meeting (27/2014) held on 28<sup>th</sup> November 2014 had reviewed the proposal and resolved to permit for investment in " Exploration and Production of Crude Oil & Natural Gas for Shallow Water Offshore Block YEB (Taninthayi Offshore Area) in Taninthayi Division " under the name of "Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited" pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited with the approval of the Cabinet of the Union Government, at its meeting (21/2014) held on dated 24<sup>th</sup> October 2014.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. Subject to the provision of the Memorandum of Understanding, the participating interests of the parties in respect of the Production Sharing Contract (PSC) shall be as follows:

Oil India Limited	(India)	60%
Mercator Petroleum Private Limited	(India)	25%
Oilmax Energy Private Limited	(India)	10%

Oil Star Management Services  
Company Limited

(Myanmar)

5%

4. The permitted duration of the project shall be 20 (Twenty) years from the date of completion of development or the expiration of the Crude Oil/ Natural Gas Sales Agreement, whichever is longer. An initial preparation period shall be 6 (six) months after signing of the contract and may be extended to a certain period. The exploration period shall be 3(three) consecutive years and extendable 2 (two) years one time for first extension and 1 (one) year for second extension period.
5. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall pay 12.5% royalty to the Government of the value of Available Petroleum from the Contract Area.
6. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall pay Signature Bonus of US \$ 3 million (United States Dollar three million only) to Myanma Oil & Gas Enterprise within 30 days after entering into the Exploration Period.
7. Production Split between Myanma Oil and Gas Enterprise and Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall be allocated for Development and Production Area as follows:-

**Crude Oil**

Water Depth	600 feet or less		more than 600 feet	
BOPD	MOGE(%)	CONT (%)	MOGE(%)	CONT (%)
0 - 25,000	60	40	60	40
25,001 - 50,000	65	35	65	35
50,001 - 100,000	70	30	70	30
100,001 - 150,000	80	20	80	20
Above 150,000	90	10	90	10

**Natural Gas**

Water Depth MMCFD	600 feet or less		more than 600 feet	
	MOGE(%)	CONT (%)	MOGE(%)	CONT (%)
0 - 300	65	35	65	35
301 - 600	70	30	70	30
601 - 900	75	25	75	25
Above 900	90	10	90	10

8. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

**Production Bonus****Crude Oil**

At BOPD	US \$(MILLION)
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days production)	2.00
50,000 (for 90 consecutive days production)	6.00
100,000 (for 90 consecutive days production)	8.00
150,000(for 90 consecutive days production)	10.00
200,000(for 90 consecutive days production)	20.00

**Natural Gas**

At MMCFD	US \$(MILLION)
Upon approval of Development Plan	1.00
150 (for 90 consecutive days production)	2.00
300(for 90 consecutive days production)	3.00
600(for 90 consecutive days production)	4.00
750(for 90 consecutive days production)	5.00
900(for 90 consecutive days production)	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(twenty) percent of Crude Oil and 25% (twenty five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(ninety) percent of the Fair Market Price.



10. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall provide Training Fund to the amount of US \$ 50,000 (United States Dollar fifty thousand only) per contract year for Exploration Period and US \$ 200,000 (United States Dollar Two hundred thousand only) per contract year for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5% (zero point five) percent of its share of profit Petroleum in favour of Myanmar Oil and Gas Enterprise.

11. Myanmar Oil and Gas Enterprise shall have the right to demand from Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited 20% (twenty) percent undivided interest after commercial discovery and may extend up to 25% (twenty five) percent greater than 5 TCF Barrel of Oil equivalent.

12. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

- |  |     |
|--|-----|
| (a) If the amount of Net Profit is up to and including US\$ 100 million (United States Dollars one hundred million only)   | 40% |
| (b) If the amount of Net Profit is between US\$ 100 million and US\$ 150 million (United States Dollar one hundred million only and United States Dollar one hundred and fifty million only) | 45% |
| (c) If the amount of Net Profit is over US\$ 150 million (United States Dollar one hundred and fifty million only)   | 50% |

13. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per section 27(a),(h),(i)and(k) of the Foreign Investment Law. Other exemptions and reliefs under Chapter XII, section 27 shall have to be applied upon the actual performance of the project;

- (a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;
- (b) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business

which are imported as they are actually required for use during the period of construction of business;

- (c) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;
- (d) As per section 27(k), exemption or relief from commercial tax on the goods produced for export.

14. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing the Agreement, (5) copies shall have to be forwarded to the Commission.

15. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

16. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

17. The commercial date of operation shall be reported to the Commission.

18. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall endeavour to meet the targets for Exploration and Production of Crude Oil & Natural Gas stated in the proposal as the minimum target.

19. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

20. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

- (a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;
- (b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency.

21. Whenever Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited brings in foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency in the manner stated in paragraph 20(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

22. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

23. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

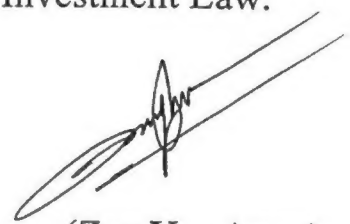
24. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited shall be



responsible for the preservation of the environment at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct Environmental Management Plan (EMP), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) which describe the measures to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with these reports and to abide by the environmental policy, Environmental Conservation Law and other environmental related rules and regulations.

25. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the income of Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited.

26. Oil India Limited & Mercator Petroleum Private Limited & Oilmax Energy Private Limited & Oil Star Management Services Company Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII , Rules 79 and 80 of the Foreign Investment Law.



(Zay Yar Aung)  
Chairman

**Director General**  
**Energy Planning Department**

- cc: 1. Office of the Union Government of the Republic of the Union of Myanmar
2. Ministry of Home Affairs
  3. Ministry of Foreign Affairs
  4. Ministry of Environmental Conservation and Forestry
  5. Ministry of Electric Power
  6. Ministry of Immigration and Population
  7. Ministry of Energy
  8. Ministry of Commerce
  9. Ministry of Finance

10. Ministry of National Planning and Economic Development
11. Ministry of Labour, Employment and Social Security
12. Office of the Taninthayi Region Government
13. Director General, Department of Environmental Conservation
14. Director General, Immigration and National Registration Department
15. Director General, Directorate of Trade
16. Managing Director, Myanmar Oil and Gas Enterprise
17. Managing Director, Myanmar Foreign Trade Bank
18. Managing Director, Myanmar Investment and Commercial Bank
19. Director General, Customs Department
20. Director General, Internal Revenue Department
21. Managing Director, Myanmar Insurance
22. Director General, Directorate of Investment and Company Administration
23. Director General, Directorate of Labour
24. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
25. Oil India Limited
26. Mercator Petroleum Limited
27. Oilmax Energy Private Limited
28. Oil Star Management Services Company Limited